

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (5/20)
BUTTER: Grade AA closed at \$1.4425. The weekly average for Grade AA is \$1.4408 (+.0591).

CHEESE: Barrels closed at \$1.5100 and blocks at \$1.5275. The weekly average for barrels is \$1.5080 (+.1190) and blocks, \$1.5570 (+.1130).

BUTTER: The butter market tone is mixed. The CME cash price has increased a total of 9 cents in four consecutive trading sessions, but closed the week 3/4 cent lower. Many producers and handlers remain quite surprised at the strength in the cash price. With cream supplies still heavy, demand seldom better than fair, and growing inventories, they wonder what can be driving the CME cash butter price higher. Many feel that this particular run-up in price is attributed to futures positions and not moved by supply/demand. Butter inventories continue to build and for many, are heavier than last year at this time. Retail sales are steady at slow to fair levels. Food service orders are starting to pick up, especially in resort and vacation areas of the country as the Memorial Day holiday approaches.

CHEESE: The cheese market is unsettled to weak. Prices at the CME started to reverse direction from the sharp price rebound (15 – 16 cents) that started last week. Cheddar and other natural American supplies remain in relatively close balance with demand. Mozzarella offerings continue to exceed the current interest though orders have improved from some segments. Cheese production is seasonally heavy and generally well above year ago levels. Many plants are operating at near capacity levels. Cheese yields are steady to lower seasonally. The Kansas City Commodity Office announced contracts were awarded under Announcement KCD2 Invitation 081 to sell to CCC between 878,900 pounds to 2,996,250 pounds of cheddar blocks and under PCD4 Invitation 151 for between 79,200 pounds and 950,400 pounds of Kosher process American cheese for delivery July 1, 2005 through June 30, 2006.

FLUID MILK: Milk production is starting to ease from peak levels in the Southwest, in most of the Gulf Coast states, and parts of California. Milk output is increasing slowly in the more northern areas as we are nearing the peak. Fluid milk supplies are burdensome for the steady to slower Class I demand. Surplus milk volumes are excessive and manufacturing plant capacities are being tested. It has been several years since the industry has seen this much surplus milk in the system. Not only is milk output up from year ago levels, but some operations have ceased operations, which pushes more milk through existing plants. The fluid cream market is improved slightly, but excess volumes clearing to butter plants are heavy. Class II cream demand is improving slowly, but still not up to expectations, particularly from the ice cream trade.

DRY PRODUCTS: The NDM market is mostly steady. Heavy production continues in most parts of the country due to seasonally heavy volumes of surplus milk. Producer stocks are fairly well balanced, but a few scattered reports indicate that some traders have ample stocks, via contracts, to fill spot needs. The dry buttermilk market is a little weaker with prices often lower in the West; steady elsewhere. Production levels are increasing as churning activity remains heavy. Demand is slowly improving along typical seasonal patterns. The dry whey market is steady at relatively firm levels. However, some contacts feel that the higher cheese prices may prompt an increase in cheese orders and production, which would result in more whey to dry. Currently, demand for whey is mostly steady and offerings at the producer level are closely balanced to tight. Resellers seem to have sufficient inventory to fill spot inquiries. The WPC market remains firm. Prices are higher and stocks are short of needs. The lactose market is steady to firm and prices are unchanged to higher.

CCC: During the week of May 16 - 20, there was no price support activity.
NOTE: CCC has announced invitation 045 to announcement RSCS1 for the sales of CCC-owned NDM for the manufacture of casein or caseinate. Based on the current level of CCC-owned NDM, this is the final solicitation to sell NDM for the manufacturing of edible dry casein or caseinate until further notice.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for June 2005 is \$13.62, down \$1.18 from May. This price is derived from the advanced Class III skim milk pricing factor of \$8.58 and the advanced butterfat pricing factor of \$1.5266 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for June is \$7.73 and the Class II nonfat solids price is \$0.8589 per pound. The following are the two-week product price averages: butter \$1.3872, nonfat dry milk \$0.9287, cheese \$1.4612, and dry whey \$0.2597.

MAY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): Milk production in 2006 is forecast above 2005 as relatively strong milk prices over the past 2 years are expected to help stabilize cow numbers in 2006. Milk per cow is expected to increase at a more rapid rate in 2006. Fat-basis commercial use is expected to increase more rapidly than in 2005, but growth in commercial use of skim solids is expected to be somewhat slower than this year. Milk prices are forecast to fall from the strong prices of 2005 as product prices weaken. With weaker nonfat dry milk prices, positive CCC net removals of nonfat dry milk are forecast for 2006. The dairy production forecast for 2005 is raised from last month as slower milk per cow growth is more than offset by higher cow numbers. Fat basis commercial use is little changed from last month and fat basis stocks are higher. Commercial nonfat dry milk exports are expected to continue to help absorb skim solids supplies. Larger milk supplies result in lower milk prices than forecast previously.

APRIL MILK PRODUCTION (NASS): Milk production in the 23 major states during April totaled 13.6 billion pounds, up 3.2% from April 2004. March revised production, at 13.8 billion pounds, was up 2.9% from March 2004. Production per cow averaged 1,679 pounds for April, 43 pounds (2.6%) above April 2004. The number of cows on farms totaled 8.11 million head, 44,000 head (0.5%) more than April 2004, and 12,000 head (0.1%) more than March 2005.

APRIL FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During April, about 7.9 billion pounds of milk were received from producers. This volume of milk is 21.6% higher than the April 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.4%.) About 3.7 billion pounds of producer milk were used in Class I products, 1.8% lower than the previous year. The timing of the Easter season, as well as calendar composition, likely had a positive impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilizations were: Class I=47%, Class II=16%, Class III=20%, and Class IV=17%. The weighted average statistical uniform price was \$15.20, \$0.19 lower than last month, and \$1.28 lower than last year.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY MAY 16	TUESDAY MAY 17	WEDNESDAY MAY 18	THURSDAY MAY 19	FRIDAY MAY 20	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5000 (+.0600)	\$1.5100 (+.0100)	\$1.5100 (N.C.)	\$1.5100 (N.C.)	\$1.5100 (N.C.)	(+.0700)	\$1.5080 (+.1190)
40# BLOCKS	\$1.5525 (+.0775)	\$1.5775 (+.0250)	\$1.5775 (N.C.)	\$1.5500 (-.0275)	\$1.5275 (-.0225)	(+.0525)	\$1.5570 (+.1130)
BUTTER							
GRADE AA	\$1.4300 (+.0175)	----	\$1.4500 (+.0200)	----	\$1.4425 (-.0075)	(+.0300)	\$1.4408 (+.0591)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 16, 2005

CHEESE — SALES: 6 CARS BARRELS: 2 @ \$1.4775, 1 @ \$1.4800, 2 @ \$1.4850, 1 @ \$1.5000; 7 CARS 40# BLOCKS: 6 @ \$1.5300, 1 @ \$1.5525; BIDS UNFILLED: 44 CARS 40# BLOCKS: 2 @ \$1.5500, 2 @ \$1.5475, 2 @ \$1.5400, 2 @ \$1.5375, 2 @ \$1.5350, 2 @ \$1.5325, 4 @ \$1.5300, 3 @ \$1.5275, 1 @ \$1.5250, 1 @ \$1.5225, 1 @ \$1.5200, 1 @ \$1.5175, 1 @ \$1.5150, 3 @ \$1.5100, 2 @ \$1.5075, 3 @ \$1.5050, 2 @ \$1.5000, 2 @ \$1.4950, 1 @ \$1.4925, 2 @ \$1.4825, 1 @ \$1.4775, 1 @ \$1.4750; OFFERS UNCOVERED: NONE

BUTTER — SALES: 9 CARS GRADE AA: 1 @ \$1.4300, 1 @ \$1.4275, 1 @ \$1.4300, 1 @ \$1.4275, 1 @ \$1.4300, 1 @ \$1.4275, 3 @ \$1.4300; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.4250, 2 @ \$1.4150, 3 @ \$1.4125; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.4350, 1 @ \$1.4500

TUESDAY, MAY 17, 2005

CHEESE — SALES: 7 CARS BARRELS @ \$1.5100; 11 CARS 40# BLOCKS: 5 @ \$1.5600, 3 @ \$1.5675, 1 @ \$1.5700, 1 @ \$1.5750, 1 @ \$1.5775; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5100; 4 CARS 40# BLOCKS: 1 @ \$1.5675, 1 @ \$1.5600, 2 @ \$1.5525; OFFERS UNCOVERED: NONE

WEDNESDAY, MAY 18, 2005

CHEESE — SALES: 5 CARS 40# BLOCKS @ \$1.5775; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4900; OFFERS UNCOVERED: NONE

BUTTER — SALES: 19 CARS GRADE AA: 2 @ \$1.4300, 3 @ \$1.4325, 2 @ \$1.4300, 3 @ \$1.4325, 1 @ \$1.4375, 1 @ \$1.4425, 1 @ \$1.4450, 1 @ \$1.4500, 5 @ \$1.4475; BIDS UNFILLED: 19 CARS GRADE AA: 5 @ \$1.4500, 2 @ \$1.4450, 3 @ \$1.4375, 1 @ \$1.4350, 2 @ \$1.4325, 2 @ \$1.4300, 2 @ \$1.4250, 2 @ \$1.4200; OFFERS UNCOVERED: NONE

THURSDAY, MAY 19, 2005

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.5500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.5725, 1 @ \$1.5750, 1 @ \$1.5775

FRIDAY, MAY 20, 2005

CHEESE — SALES: 3 CARS 40# BLOCKS: 2 @ \$1.5300, 1 @ \$1.5275; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4800; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5100; 1 CAR 40# BLOCKS @ \$1.5275

BUTTER — SALES: 7 CARS GRADE AA: 1 @ \$1.4400, 1 @ \$1.4425, 1 @ \$1.4450, 1 @ \$1.4425, 1 @ \$1.4450, 2 @ \$1.4425; BIDS UNFILLED: 7 CARS GRADE AA: 5 @ \$1.4300, 2 @ \$1.4200; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.4500

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

BUTTER MARKETS**NORTHEAST**

The CME cash price for butter has increased seven cents in the last three trading sessions (through 5/16). This has some contacts a little confused. With cream supplies still burdensome, demand seldom better than fair, and growing inventories they wonder what can be driving the CME cash butter price higher. Most feel that this particular run-up in price is attributed to futures positions and not moved by supply and demand. Churning activity is heavy and excess cream volumes continue to move to Mid-west butter plants. Butter inventories continue to grow and are more than ample to meet current needs. Retail sales are steady at slow to fair levels. Food service orders are starting to pick up along the Eastern Shore as Memorial Day approaches. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The butter market tone is unsettled as the cash price continues to move higher. Many producers and handlers continue to question the strength of butter, especially when cream supplies remain so plentiful. Churning activity in the central part of the country is seasonally strong and in instances, heavier than anticipated. Usually at this time of the spring, competition for available cream supplies is very active between Class II and IV operations. This year, Class II demand has been much lighter, thus most butter producers have been able to build an inventory that is higher than last year at this time. School milk bottling schedules are starting to adjust lower as schools recess for the summer, thus standardized cream volumes from this source will continue to decline. At this point, milk production is strong, thus butter producers and handlers do not foresee

any significant adjustment in cream offerings for the near future. As the Memorial Day holiday nears, butter producers feel cream offerings will remain strong into June. Buying interest is mixed. Some suppliers and handlers are reporting improved orders as buyers try to beat further price firmness, while others indicate that orders are no different and remain fair at best. Bulk butter for spot sale is being reported in the flat – 3 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME have increased 9 cents over the last four trading sessions. This upturn has surprised some Western contacts. Cream supplies offered to churns remain heavy though some increased orders from ice cream plants are noted. Demand for bulk butter is only fair at best, often slow. Many buyers are stocking up on prints that will enter the freezer and be pulled out and tempered this fall to take care of improving demand at that time. Stocks are heavier than desired at many stages of the marketing chain and levels are growing. With all this as background indicates why contacts are curious as to why prices are increasing. Also, in a related note, milk production for the U.S. in April totals 14.9 billion pounds, up 2.9% from the previous year. The rate of increase over last year has been increasing. CME weekly butter stocks total 97.4 million pounds, an increase of 3.4 million pounds from the previous week. Stocks are now ahead of last year and growing more rapidly. Over the last five weeks of 2005, stocks have grown 27.4 million pounds compared to 6.1 million pounds for the same period last year. Bulk butter prices range from flat to 3 1/2 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEKENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
MAY 14	1.4586	1.4065	0.9282	1.3781	0.2595
	7,742,959	10,394,329	22,181,345	3,694,342	11,859,099

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices moved slightly higher on most items. The price gains seen at the CME late last week and early this week have prompted some additional demand as buyers try to place orders before additional price increases. This week's CME average is likely to be sharply higher than last week's. The price run-up has some contacts confused. With all the milk available in the Northeast and other regions plus the often slower demand during summer, they wonder why prices are being pushed up so fast. Most feel that influences other than supply and demand are coming into play. Cheese production is moderate in the Northeast where surplus milk supplies are excessive. Retail sales are little changed and food service orders are starting to improve ahead of the Memorial Day weekend.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5225-2.0375
Cheddar Single Daisies	:	1.4800-1.9550
Cheddar 40# Block	:	1.5975-1.8550
Process 5# Loaf	:	1.6000-1.8075
Process 5# Sliced	:	1.6200-1.8350
Muenster	:	1.6950-1.8975
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled. At least a few traders believe that the April 2005 Milk Production report, 3.2% above April 2004, will help end the recent price recovery. Spot natural cheese demand is fairly good as buyers try to beat the next increase. Food service orders are generally good between the graduation season and the approaching summer travel season. American style natural demand remains steady with regional supplies close to being in balance. Reports indicate that most American type production plants continue to operate on full schedules with some on at least occasional 7 day runs. American type order lead times are even increasing for a few buyers. Process orders continue to improve with local barrel offerings limited. Mozzarella continues to be unable to clear all offerings despite a few production reductions. Overall cheese production remains seasonally heavy. Cheese yields are seasonally low and declining where pasturing is prevalent. Seasonally heavy volumes of manufacturing milk supplies are available to other operators, often at a discount to the Class III price. Few plants are really trying to add new producers at this time.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6000-1.9800
Brick And/Or Muenster 5#	:	1.9900-1.9925
Cheddar 40# Block	:	1.7925-2.2650
Monterey Jack 10#	:	2.0325-2.2650
Blue 5#	:	2.2875-2.7000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7325-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3800-2.8500

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
05/16/05	51,367	:	144,786
05/01/05	47,794	:	141,813
CHANGE	3,573	:	2,973
% CHANGE	7	:	2

WEST

Block cheese prices at the cash CME market have increased 15 cents in the last six sessions. Western contacts are surprised at the timing and the amount of the upturn. Milk supplies remain in the spring flush range and plants are operating at near capacity levels. Block demand is fair and barrel demand in the West is slow. More stocks are available from more locations. With these market fundamentals in place, contacts are curious as to the motivation for the bidding at the Exchange. Further information was released this week indicating that April milk production for the U.S. was up 2.9% from a year earlier, indicating that milk output growth is increasing. Mozzarella sales are slow to fair. Swiss cheese activity is fair to good for the spring season of the year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5400-1.7975
Cheddar 40# Block	:	1.5650-1.9175
Cheddar 10# Cuts	:	1.7450-1.9650
Monterey Jack 10#	:	1.7550-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are unchanged on imported styles; fractionally higher on domestic. The market tone is steady, at best. Demand for imported or foreign type cheese is easing along seasonal patterns. Stocks are mostly sufficient to cover current needs. The U.S. dollar is regaining some strength against the Euro which may have an impact on importer's orders or purchasing strategies.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-4.6900	1.8350-3.3250*
Gorgonzola	3.6900-5.9400	2.3475-2.4900*
Parmesan (Italy)	TFEWR	3.2525-3.3575*
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-6.0900	1.8375-2.0725*
Romano (Cows Milk)	-0-	3.0325-5.1975*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	3.1200-4.1500	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.5600	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	212	0	180	0	234
SOUTHEAST STATES	0	0	0	0	0	0

April milk production in the 23 major states totaled 13.6 billion pounds, up 3.2% from April 2004. The following are the April-to-April changes for selected states: Florida +5.7%, Texas +5.2%, Vermont +5.1%, Pennsylvania +2.9%, Virginia +2.6%, New York +1.1%, and Kentucky -2.4%. Regional Milk Market Administrators announced the following, April 2005 uniform prices: Northeast \$15.52, Mideast \$14.76, Appalachian \$15.92, Southeast \$15.85, Florida \$17.30, and Western New York (a state order) \$15.03 at the base city or county in the orders. Milk production in the Southeast remains at or near peak levels. Slight declines have been noted in Louisiana, Georgia, and the Carolinas, but it is steady in Florida where milk shipments out of state increased quite a bit from last week. In the Middle Atlantic and Northeastern areas, the milk flow is steady to slightly higher. Cooler than normal weather is slowing grass/pasture growth in the northern parts of the region. Milk supplies remain excessive to burdensome and surplus milk volumes are pressuring regional plant capacity. As one contact put it, "we are shoving milk into every nook and cranny we can find." Some scattered breakdowns are further stressing processing capacities. Manufacturing plants are bracing themselves for the Memorial Day weekend, which many fear will be the worst in many years. Florida handlers are trying to empty their silos this weekend to prepare for next week when schools start to recess plus the long weekend ahead. Class I milk sales are slow to fair. The condensed skim market is weaker. Offerings are more than ample for the steady demand. Some producers have offered lower prices to stimulate buying interest, but found few interested buyers. In some instances, dryer problems or prolonged clean ups have forced other producers to lower prices within the ranges. The fluid cream market remains weak. The CME butter prices have advanced in the last few trading sessions and cream buyers "perked up" a little, but overall spot demand remains lackluster. Where the weather improved, soft serve mix sales also improved, but the cooler than normal weather has stifled ice cream sales so far this year. Also, a trend for ice cream producers to make more low-fat frozen desserts has hurt Class II cream sales. Cream cheese production is mostly steady at light to moderate levels. Spot cream prices are little changed this week as the multiples are steady and the CME butter average was up only 1.7 mills from the prior week. Churning activity remains heavy. Loads of excess cream continue to clear to the Midwest for processing, but the number of loads shipped is occasionally lower than last week.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6580-1.7962
DELIVERED EQUIVALENT ATLANTA	-	1.6719-1.8238 M 1.7133-1.7548
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6580-1.7409

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9400-1.0200
NORTHEAST- CLASS III - SPOT PRICES	- 1.1000-1.1700

M I D W E S T

Class I demand is steady to generally lighter except where featured. Institutional demand is steady to slower where colleges have closed for the semester. Cottage cheese interest is about steady, but sour and whipped cream, and dip production remains active for graduations and upcoming holiday weekend events. Manufacturing milk volumes continue to be heavy and many plant operators are reluctant to make purchases at class prices. Plant operating schedules remain seasonally heavy and at well above year ago levels. A few sellers are even willing to make commitments for "spot" milk sales up to 3 months in order to secure a deal. Reported spot manufactured milk prices range from around -\$2.00 to +\$0.50 over class fob plant. Plant operators have been scheduling holiday weekend surplus loads to fill expected operating schedules even though Memorial Day weekend mainly affects bottling and ice cream production schedules. Cream offerings remain fully adequate and buyers are able to secure needed volumes without much effort. Cream demand seems to have improved but not enough to really tighten supplies. Ice cream/mix accounts are continuing to add a few extra loads of cream and milk. Milk intakes are generally higher through most of the region with fat and protein tests lower. Unseasonably cool persists through much of the upper tier of states. Pasture, forage, and lawn growth have speeded up after recent showers. The initial estimated April 2005 milk production in selected Midwestern states compared with April 2004 is: Wisconsin, 1.893 billion pounds, up 49 million pounds (2.7%); Minnesota, 692 million pounds, up 4 million pounds (0.6%); Texas, 568 million pounds, up 28 million pounds (5.2%); Michigan, 556 million pounds,

an increase of 31 million pounds (5.9%); and Iowa, 325 million pounds, down 7 million pounds (-2.1%). The April estimated 23 state milk production (30 days) at 13.612 billion pounds, is only 29 million pounds below May 2004 (31 days), the peak in 2004.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 12 - 18	PREVIOUS YEAR
SLAUGHTER COWS	\$ 57.50- 63.00	\$ 53.00- 59.25
REPLACEMENT HEIFER CALVES	\$530.00-670.00	\$350.00-580.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 12 - 18	PREVIOUS YEAR
SLAUGHTER COWS	\$ 56.00- 69.00	\$ 51.25- 61.00

W E S T

April milk production for the 23 surveyed states totals 13.6 billion pounds, up 3.2% from April 2004. Cow numbers in these states grew by 19,000 head in March and added 12,000 more in April for a two month total of 31,000 head. Production per cow grew by 2.6% from last year in April. Comparing the change in milk output from this year to last for selected Western states is as follows: Arizona +3.7% California +3.7%, Colorado +6.6%, Idaho +11.9%, New Mexico +1.6% Oregon -2.6% and Washington +3.3%. Cow numbers grew by 71,000 head from last year in these seven states. Production per cow was up in five of the seven with only Arizona and Oregon registering losses. Hay stocks as of May 1 were released recently and indicate that U.S. stocks stand at 27.7 million tons, up 6.8% from a year earlier. Stocks in eight Western states, however, total 2.4 million tons, down 9.4% from May 1, 2004. Milk production in southern CALIFORNIA is beginning to move lower from what is thought to be the seasonal high. Local production is also being negatively influenced by flies. The weather has been generally favorable for milk cows. The Central Valley conditions have been average for milk production. Rains have not impacted output very much but are impacting the cutting and harvesting of hay. There is concern about the quality and cost of hay supplies this year. Plants in the region are being run at or near capacity to handle the milk supplies. Plant receipts indicate that milk production is down a bit from the likely seasonal peak. There have been a few plants down days that have caused milk juggling, but supplies are being handled. Limited reports in the northern milk producing areas indicate that pastures and milk supplies are growing. Bottled milk sales in the state are flat. Home and school buying patterns are steady and few sales are noted. The ends of school years for colleges have begun and other schools are scheduled to release over the next month. Hotter weather is starting to build in ARIZONA and milk production is declining slowly from peak levels. The bigger impact is that night time temperatures are not cooling down as much. The effects of the hot weather are expected to accumulate. NEW MEXICO milk output is building slightly at levels above a year ago. Conditions have been good for cows. Milk supplies are in excess of local needs and surpluses are moving to other areas for processing. Local plants are running full and taking commitments. Fluid milk demand is fair seasonally with some school orders ceasing for the term. Hay harvesting is beginning across the state. Prices are higher than last year. The market for fluid CREAM has stabilized over the past week. Butter prices at the CME have moved higher and stand at \$1.4500 at midweek, an increase of 7.75 cents from a week ago. The anticipated increase in basing points, such as the weekly average, has increased the interest of buyers for butter and cream. Cream demand is better with ice cream accounts showing more interest. Butter churners continue to balance supplies and are seeing butter demand improve. Multiples for cream have firmed slightly and range from 108 to 123 FOB, and vary depending on basing points and class usage. Hauling charges remain high and at times influences where cream is shipped. Conditions are extremely wet in the PACIFIC NORTHWEST on both sides of the mountains. The early hay harvest is not going well. Cut hay is getting rained on and alfalfa that is still standing is getting too mature for good feed value. Much of the grass silage on the west side has been lost because of the rain and will not be used for feed. The situation is getting more serious daily and more producers are getting close to running out of forage to feed. The problems are so widespread that going to a neighboring area will not solve the issue of finding good dairy hay. Hay prices are expensive and firming. Milk output in the region is generally flat and may be at the seasonal peak. Contacts had thought that they might see another surge with new crop forage becoming available, but that possibility seems to be coming less likely. Plants in the region are efficiently handling available milk supplies. Milk output is near the peak in UTAH and IDAHO. Conditions remain very wet. Small grains should have been planted by now and corn should now be going in the ground and not much has happened. Growers are worrying that the real growth will now have to take place during the real summer heat instead of earlier and that often causes problems. Alfalfa hay growth is very slow. Some alfalfa was flattened by snow over the weekend. Most of it seems to have come back up reasonably well. The first cutting will probably be later than normal because of the current conditions. Many areas of Utah are worried about flooding this weekend as temperatures warm into the 90's and start to bring out the snow pack. Up until this week, the pack has continued to grow. This is very late in the season for the melt to start. Heifer prices in the region remain firm.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices continue to trend higher on a firm market. Milk supplies are seasonally heavy, encouraging NDM production. Supplies are building at some producer plants. Producers are generally holding supplies with confidence as excess supplies are expected to satisfy future contractual and internal end product production needs. Loads purchased from the West that were previously delayed are readily available. Some brokers are slow to pick-up their contractual loads from Western producers due to a lack of available outlets to readily move loads. Supplies delivered from the West to Central end-users are competitively priced. Some spot buyers are attempting to wait and see where supplies and prices trend in response to heavy milk production before making additional purchases.

EAST: Prices are again fractionally higher. The market tone remains firm. Production levels are heavy and most drying facilities are operating around the clock. Surplus milk volumes have not abated and even increased slightly in the more northern areas. Producer stocks are fairly well balanced despite the increased output. Demand, particularly contracts, is easily clearing more of the current output. Some producers are catching up with orders and do have a few loads on hand. More comments are heard that inventories of medium and high heat NDM are light and some will have to be made in the near future. Most dryers would prefer to continue making low heat, but will have to take the time to make medium and high heat powders. Typically, making the higher heat treatment powders is more time consuming in that efficient evaporator run-times are reduced. Domestic and export demand remains good.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9450 - 1.0100 MOSTLY: .9750 - .9850
 HIGHHEAT: .9800 - 1.0950

NONFAT DRY MILK - WEST

Prices for Western low/medium heat nonfat dry milk are steady to lower on the top of the range and mostly series. The market tone is unsettled. There are price indexes that have increased. The sense is that any current firmness in the market is centered on increases in pricing basing points rather than supply and demand. Buyers have more choices and are being selective. Export demand has slowed with some world buyers finding powder in Europe priced better. Domestic buyers are taking contract loads, but sales have slowed to cheese accounts. Resellers' supplies are available with multi load offerings noted. Drying schedules remain active to process the seasonally high milk supplies. Producers' stocks are generally light to moderate. High heat prices are steady to higher. Supplies are on the tight side with good demand and producers unable to make time to produce more. Stocks are light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9100 - .9700 MOSTLY: .9350 - .9500
 HIGHHEAT: .9500 - .9800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 13	\$.9193	8,606,007	0
May 6	\$.9103	7,599,400	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a mostly steady market. Offerings are increasing for the very light interest. Competitive prices from the West are making sales in the Central region difficult as offers near the lower end of the range are being met with resistance. Producers are generally not aggressively pursuing sales and expressing content in not moving supplies in stock. Increased production is noted at some locations in response to heavy churn activity. Movement of condensed buttermilk into ice cream facilities is steady and mostly contractual.

F.O.B. CENTRAL: .9600 - 1.0500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. The Northeast price range remains nominal. Churning activity continues heavy and most Eastern churns are at capacity levels. Powder production is limited by all the skim that is in the system, but output is generally steady. Demand for condensed buttermilk is improving slightly as ice cream makers seem to be taking a little more. Producer stocks are moderate and demand is fair to good.

F.O.B. NORTHEAST: .9600 - .9800
 DELVDSOUTHEAST: .9800 - 1.0000

DRY BUTTERMILK - WEST

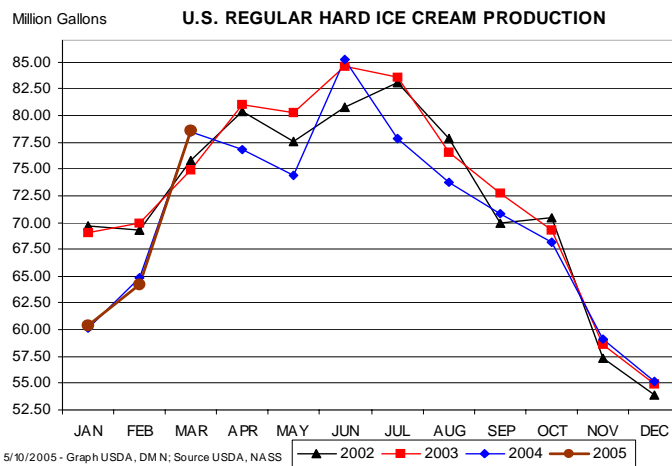
Western buttermilk prices have stabilized following several producers clearing product at lower prices the last few weeks. Some buttermilk was exported while others moved extra product to domestic accounts. With stocks in better shape, producers adjusted prices higher. Overall, demand is slow to fair and mainly moving under contract. Movements are fair into bakery accounts, but slow to ice cream producers. Production remains seasonally active with high butter production and slow sales of condensed buttermilk. Producer inventories are light to moderate.

F.O.B. WEST: .9000 - .9600 MOSTLY: .9000 - .9100

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Prices remain nominal. Production levels continue to be limited. Dryer time is being taken up with skim. Plant inventories remain light and demand is unchanged.

F.O.B. PRODUCING PLANT: 1.2700 - 1.4000



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on Extra Grade and milk replacer quality whey. Trade activity is generally light with most movement noted on a contractual basis. Resale offers are reported at a premium to the market. Spot interest is mostly noted in export markets. Domestic feed buyers are generally not seeking additional loads of whey as Central feed manufacturers cannot adequately compete with Western manufacturers due to freight costs and the use of drought NDM at some Western facilities located in and around drought states. Condensed whey offerings are noted into some feed and WPC/lactose facilities for the light interest. Milk replacer quality whey supplies are light. Veal markets are steady while early weaned pig prices are trending lower.

F.O.B. CENTRAL: .2525 - .2725 MOSTLY: .2525 - .2600
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2425 - .2475

DRY WHEY - NORTHEAST AND SOUTHEAST

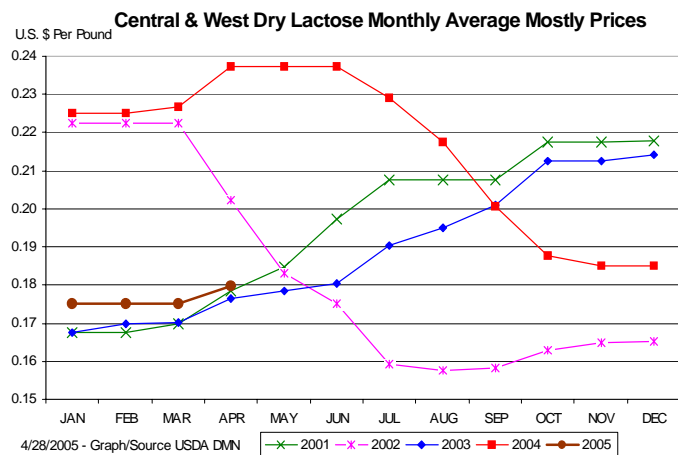
Prices are fractionally higher as most Eastern producers adjust their prices. The market tone is little changed. However, with the CME cheese prices increasing significantly in the past week and a half, some contacts feel that demand for cheese will improve as buyers increase orders ahead of possible higher prices. This up tick in orders will cause heavier production and more whey to be dried. So far, this scenario has not materialized, but it is early. Cheese production in the Northeast is about steady despite the glut of milk currently available in this region. Some contacts do note the condensed whey is more readily available from other regions. Plant stocks remain light while traders often have sufficient stocks to handle any spot needs. Many traders continue to report that finding dry whey direct from the producer is a difficult task. Demand is unchanged.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2575 - .2750
DELVD SOUTHEAST: .2775 - .2950

DRY WHEY - WEST

Prices range from steady to a quarter cent higher. The market is not showing the amount of strength it did last week. Comments about the Western market include that the market is firm, that it is steady, and that there is more price resistance. Most whey producers indicate that they remain in a very balanced position. Some buyers have powder above stocks that they are comfortable with. Other buyers are having trouble finding all the powder they need in a timely fashion. One Western plant is down for repairs now and another is in the process of converting to protein. Some buyers are nervous about finding enough whey to cover their needs this winter.

NONHYGROSCOPIC: .2750 - .3025 MOSTLY: .2850 - .2925

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to higher on a firm market. Supplies remain short of buyer interest, encouraging greater inquiry in the 80% WPC market. Supplies of 80% WPC are available yet listed at higher prices on a per unit of protein basis that then deters some buyer interest. Most movement is contractual with some spot movement noted into facilities that require brand specific supplies or cannot reformulate to use 80% WPC. Feed user interest is fair at best in light of higher calf prices and reduced demand for milk replacer products, particularly in the Central part of the US.

F.O.B. EXTRA GRADE 34% PROTEIN: .8500 - .9200 MOSTLY: .8500 - .8800

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Spot trade is noted at a discount into feed operations and at a premium into edible facilities. Some buyers are requesting contract negotiations for third quarter but most sellers are not entering negotiations at this point. Export inquiries continue to be reported from Asia, South America and Mexico. Production is mostly steady despite the increased offers of condensed whey in the trade. Off grade supplies are available for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1700 - .2100 MOSTLY: .1700 - .1925

CASEIN - NATIONAL

Casein markets and prices remain firm. Suppliers indicate that stocks, in most instances, are short of full needs. Oceania suppliers are stating that their production season has ended, thus they are filling orders from inventoried stocks, but are realizing that commitments are often higher than supplies. For some suppliers, they are looking to other international producers for supplemental stocks, but are finding that these supplies are also limited. In Europe, milk production is seasonally at or very near peak levels and casein production is strong. Some producers are reporting heavier milk volumes available to them. At this point, many European producers are not over extending themselves and are proceeding with optimism. Under invitation #044, one contract was awarded for the purchase of 4,006,548 pounds of government owned nonfat dry milk for the production of casein/caseinate at \$0.5811 per pound. Since June 2002, slightly more than 63 million pounds of powder have been sold for this purpose at prices ranging \$0.2200 - \$0.5811 per pound. Thus far in 2005, 20.4 million pounds of powder have been sold under this program with prices ranging \$0.5010 - \$0.5811 per pound.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.4500
ACID: 3.2700 - 3.4000

EVAPORATED MILK - NATIONAL

The market is highly competitive and prices, particularly private label brands, are sharply lower. Some times producers offer canned evaporated milk at delivered prices below the Class IV or Class 4a (in CA) milk prices to attract new customers. These low prices have not been included in our price range before, but they are now the norm and being included. The market tone is unsettled while these attempts to gain market share continue. Production levels are steady to heavier as more surplus milk is available in most parts of the country. Demand for canned evaporated milk is seasonal. The Kansas City Commodity office announced the issuance of EVD-1, invitation 840 inviting competitive offers to sell to CCC 4,516,560 pounds of evaporated milk for delivery July - September 2005. Offers are due by 9:00 a.m. CST, May 24, 2005.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$10.00 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

MAY MILK SUPPLY AND DEMAND ESTIMATES*

Note: Starting with this report, milk and dairy product supply, use, and prices are reported on a calendar-year basis and use is reported on a skim-solids basis as well as on a fat basis. Price forecasts now include several major dairy products as well as milk.

Milk production in 2006 is forecast above 2005 as relatively strong milk prices over the past 2 years are expected to help stabilize cow numbers in 2006. Milk per cow is expected to increase at a more rapid rate in 2006. Fat-basis commercial use is expected to increase more rapidly than in 2005, but growth in commercial use of skim solids is expected to be somewhat slower than this year. Milk prices are forecast to fall from the strong prices of 2005 as product prices weaken. With weaker nonfat dry milk prices, positive CCC net removals of nonfat dry milk are forecast for 2006.

The dairy production forecast for 2005 is raised from last month as slower milk per cow growth is more than offset by higher cow numbers. Fat basis commercial use is little changed from last month and fat basis stocks are higher. Commercial nonfat dry milk exports are expected to continue to help absorb skim solids supplies. Larger milk supplies result in lower milk prices than forecast previously.

U.S. MILK SUPPLY AND USE					
Commodity	2004	2005 Projected		2006 Projected	
		April	May	April	May
MILK		BILLION POUNDS			
PRODUCTION	170.8	173.5	173.8	NA	177.9
FARM USE	1.1	1.0	1.1	NA	1.1
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.3	7.2	7.2	NA	7.5
MARKETINGS	169.7	172.5	172.7	NA	176.8
IMPORTS	5.2	4.9	5.1	NA	4.9
TOTAL COMMERCIAL SUPPLY	183.3	184.6	184.9	NA	189.2
FAT BASIS USE					
ENDING COMMERCIAL STOCKS	7.2	7.2	7.5	NA	7.4
CCC NET REMOVALS <u>1/</u>	-0.1	0.0	0.0	NA	0.3
COMMERCIAL USE <u>2/</u>	176.2	177.4	177.4	NA	181.6
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.5	NA	8.2	NA	8.1
MARKETINGS	169.7	NA	172.7	NA	176.8
IMPORTS	4.8	NA	5.0	NA	4.8
TOTAL COMMERCIAL SUPPLY	183.0	NA	185.9	NA	189.7
SKIM-SOLIDS BASIS USE					
ENDING COMMERCIAL STOCKS	8.2	NA	8.1	NA	8.2
CCC NET REMOVALS <u>1/</u>	1.3	-0.3	-0.3	NA	1.5
COMMERCIAL USE <u>2/</u>	173.5	NA	178.1	NA	180.0
CCC PRODUCT NET REMOVALS <u>1/</u>		MILLION POUNDS			
BUTTER	-7	0	0	NA	8
CHEESE	6	0	0	NA	7
NONFAT DRY MILK	105	-25	-25	NA	125
DRY WHOLE MILK	0	0	0	NA	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program. 2/ Includes commercial exports.

Continued on page 8

MAY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2004	2005 Projected		2006 Projected	
		April	May	April	May
PRODUCT PRICES <u>1/</u> CHEESE BUTTER NONFAT DRY MILK DRY WHEY MILK PRICES <u>2/</u> CLASS III CLASS IV ALL MILK <u>3/</u>	DOLLARS PER POUND				
	1.6431	NA	1.460-1.510	NA	1.330-1.430
	1.8239	NA	1.455-1.535	NA	1.350-1.480
	0.8405	NA	0.880-0.920	NA	0.820-0.890
	0.2319	NA	0.225-0.255	NA	0.175-0.205
	DOLLARS PER CWT				
	15.39	13.60-14.10	13.55-14.05	NA	11.95-12.95
	13.20	12.30-12.90	12.05-12.65	NA	11.05-12.15
	16.05	14.75-15.25	14.70-15.20	NA	13.15-14.15
	QUARTERLY				
2005 I	2005 II <u>4/</u>	2005 III <u>4/</u>	2005 IV <u>4/</u>	2006 I <u>4/</u>	
MILK PRODUCTION	BILLION POUNDS				
	43.2	44.8	42.8	43.0	44.2
	DOLLARS PER CWT.				
	15.67	14.55-14.85	13.90-14.50	14.80-15.70	13.90-14.90
ALL MILK PRICE <u>2/</u> <u>3/</u>	14.31	13.55-13.85	13.10-13.70	13.30-14.20	12.35-13.35
CLASS III PRICE <u>2/</u>	12.64	12.10-12.50	11.85-12.65	11.60-12.70	11.25-12.45
CLASS IV PRICE <u>2/</u>					

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found at http://www.ams.usda.gov/dyfmomib/fedordprc_dscrp.htm. 2/ Annual Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants from milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Paul Kiendl, FAS; James Miller, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-422, World Agricultural Outlook Board, USDA, May 12, 2005.

APRIL MILK PRODUCTION

Milk production in the 23 major States during April totaled 13.6 billion pounds, up 3.2 percent from April 2004. March revised production, at 13.8 billion pounds, was up 2.9 percent from March 2004. The March revision represented a decrease of 0.1 percent or 20 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,679 pounds for April, 43 pounds above April 2004.

The number of cows on farms in the 23 major States was 8.11 million head, 44,000 head more than April 2004, and 12,000 head more than March 2005.

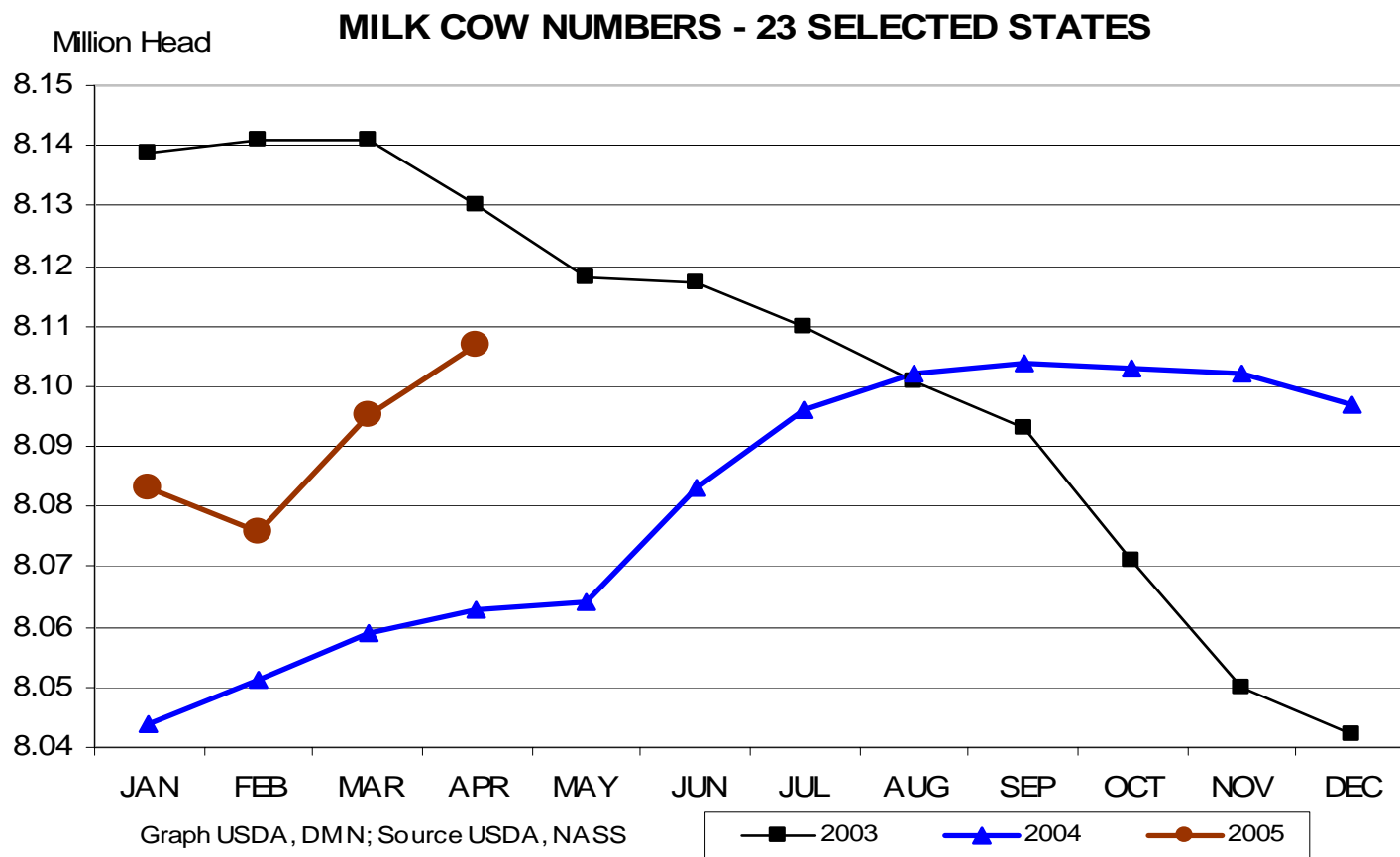
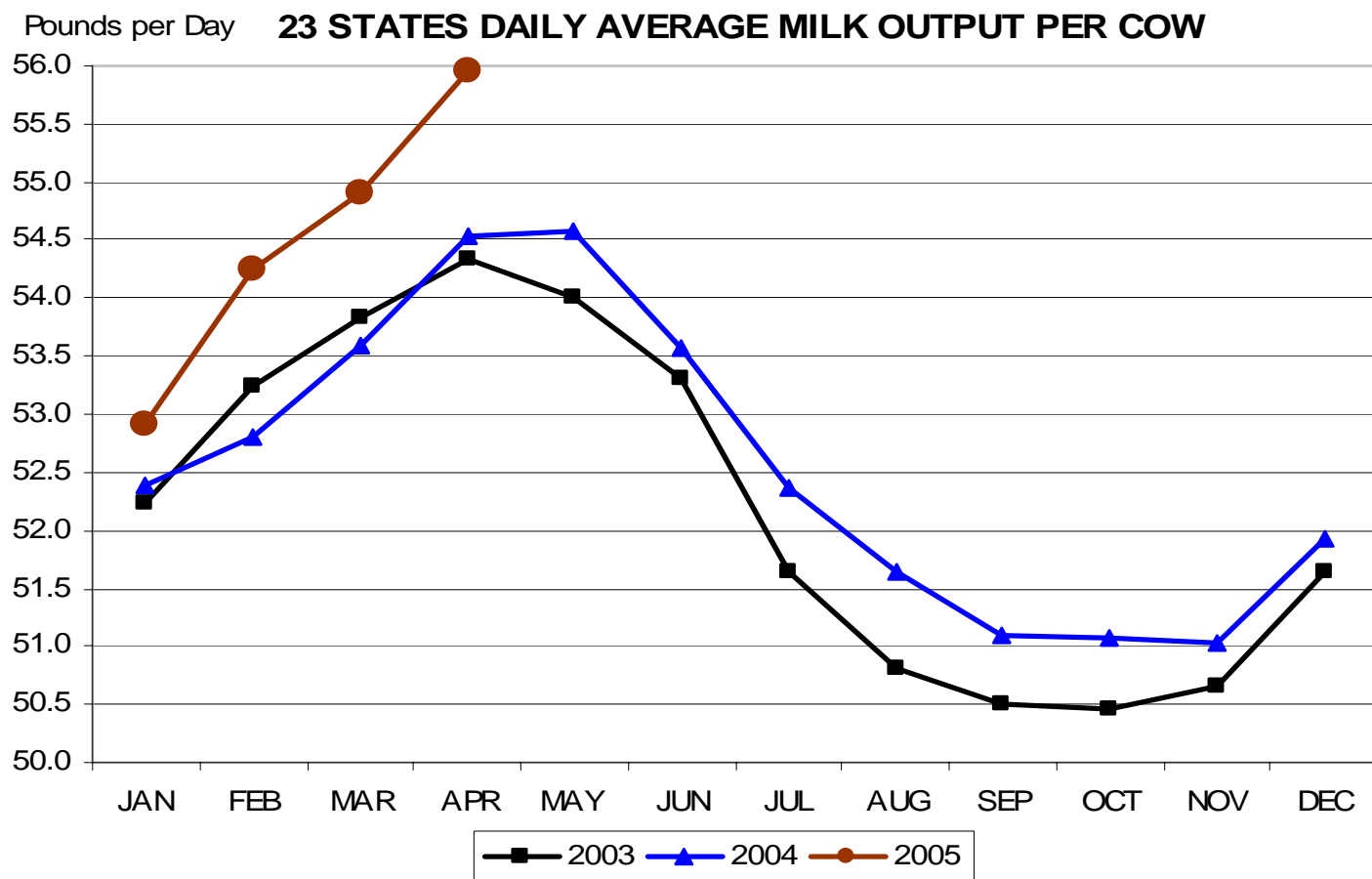
APRIL 2005 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2004	2005	2004	2005	2004	2005	% CHANGE FROM 2004
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	155	164	2,090	2,050	324	336	3.7
CA	1,716	1,751	1,790	1,820	3,072	3,187	3.7
CO	101	103	1,800	1,880	182	194	6.6
FL	138	138	1,515	1,600	209	221	5.7
ID	414	443	1,770	1,850	733	820	11.9
IL	108	105	1,580	1,605	171	169	-1.2
IN	149	155	1,750	1,690	261	262	0.4
IA	195	187	1,700	1,740	332	325	-2.1
KS	113	111	1,675	1,755	189	195	3.2
KY	109	107	1,155	1,150	126	123	-2.4
MI	301	309	1,745	1,800	525	556	5.9
MN	465	455	1,480	1,520	688	692	0.6
MO	124	119	1,370	1,350	170	161	-5.3
NM	327	323	1,730	1,780	566	575	1.6
NY	658	646	1,500	1,545	987	998	1.1
OH	261	269	1,500	1,500	392	404	3.1
OR	120	121	1,590	1,540	191	186	-2.6
PA	561	563	1,550	1,590	870	895	2.9
TX	317	319	1,705	1,780	540	568	5.2
VT	145	143	1,485	1,580	215	226	5.1
VA	105	105	1,450	1,485	152	156	2.6
WA	239	238	1,905	1,975	455	470	3.3
WI	1,242	1,233	1,485	1,535	1,844	1,893	2.7
23 STATE TOTAL	8,063	8,107	1,636	1,679	13,194	13,612	3.2

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (5-05), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.



FEDERAL MILK ORDER PRICE AND POOL SUMMARY, APRIL

HIGHLIGHTS: Handler reports of receipts and utilization under the Federal milk order system for April have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During April, about 7.9 billion pounds of milk were received from producers. This volume of milk is 21.6 percent higher than the April 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.4 percent.) About 3.7 billion pounds of producer milk were used in Class I products, 1.8 percent lower than the previous year. The timing of the Easter season, as well as calendar composition, likely had a positive impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilization percentages were; Class I = 47%, Class II = 16%, Class III = 20%, and Class IV = 17%. The weighted average statistical uniform price was \$15.20 per cwt., \$0.19 lower than last month, and \$1.28 lower than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF APRIL 2005										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>3/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>3/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,009.0	9.1	860.7	-3.5	43	19	22	16	15.52
Appalachian (Charlotte)	005	582.4	20.8	359.0	-2.5	62	15	8	15	15.92
Southeast (Atlanta)	007	691.7	23.0	391.1	0.1	57	12	15	16	15.85
Florida (Tampa)	006	283.7	18.4	223.9	3.2	79	7	11	3	17.30
Mideast (Cleveland)	033 <u>3/</u>	1,468.8	68.2	535.5	-1.6	36	18	38	8	14.76
Upper Midwest (Chicago)	030 <u>3/</u>	689.4	13.4	368.1	-3.6	54	17	8	21	14.65
Central (Kansas City)	032 <u>3/</u>	768.6	25.5	361.1	-2.7	47	18	16	19	14.59
Southwest (Dallas)	126 <u>3/</u>	715.1	12.8	350.4	0.0	49	14	11	26	15.28
Arizona-Las Vegas (Phoenix)	131	268.7	6.1	82.3	-0.6	31	9	37	23	14.59
Pacific Northwest (Seattle)	124 <u>3/</u>	453.0	9.3	176.7	-1.4	39	8	7	46	14.12
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	7,930.4	21.6	3,708.9	-1.8	47	16	20	17	15.20

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 2.6 billion pounds milk that normally would have been associated with these markets. In April 2004, the estimated not-pooled volume of milk was 3.8 billion pounds, occurring in Order Nos. 001, 005, 007, 006, 033, 030, 032, 126, 135, and 124. After adjusting for these not-pooled volumes, the year-to-year percent change is +2.4.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 16 - 20, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 05/13 05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	279,289,251	-0-	702,170,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	279,170,203	-0-	748,561,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 16 - 20, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	1.7	89.6
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	60.5	3,249.5
CUMULATIVE JANUARY 1 - MAY 20, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	35.0	1,900.3

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 16 - 20, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	7,646,276	4.2	2.8
WEST	-0-	-42,309	-0-	-0-	29,415,099	267,240,153	92.4	95.7
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.5
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	279,170,203	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 04/30/05 & Comparable Week 2004

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2005-Dairy	N.A.	0.6	N.A.	2.2	13.1	2.1	0.8	N.A.	11.3	2.2	39.3	815.9	45.6	49.0
2004-Dairy	N.A.	0.6	N.A.	2.1	15.0	2.2	0.5	N.A.	9.4	2.1	40.0	847.3	42.1	48.2
2005-All cows	N.A.	0.6	N.A.	10.2	24.9	12.5	10.6	N.A.	12.7	4.5	86.1	1,664.7		
2004-All cows	N.A.	0.7	N.A.	10.6	26.6	13.3	15.5	N.A.	11.2	5.3	95.0	1,758.4		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62						
II	13.04	13.36	13.25	13.24								
III	14.14	14.70	14.08	14.61								
IV	12.52	12.74	12.66	12.61								

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmcs/mib/cls_prod_cmp_pr.htm